



General Assembly

February Session, 2010

Raised Bill No. 429

LCO No. 2041

02041_____PH_

Referred to Committee on Public Health

Introduced by:
(PH)

***AN ACT CONCERNING MOST-FAVORED-NATION CLAUSES IN
HEALTH CARE CONTRACTS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2010*) (a) As used in this
2 section:

3 (1) "Medical provider" means a person licensed in this state under
4 chapter 370, 372, 373, 375, 379, 380 or 383 of the general statutes, or a
5 group or organization of such individuals, or a hospital licensed under
6 chapter 368v of the general statutes.

7 (2) "Contracting health organization" means an insurer, health care
8 center, hospital service corporation, medical service corporation,
9 fraternal benefit society or other entity that offers individual or group
10 health insurance, or individual or group managed care plans, in this
11 state.

12 (3) "Payer" means a contracting health organization or any entity
13 that makes payments or reimbursements to a medical provider for
14 medical services rendered by such provider, including payments and

15 reimbursements made by the Department of Social Services for
16 medical assistance programs operated or administered by the
17 department.

18 (4) "Managed care plan" has the same meaning as provided in
19 section 38a-478 of the general statutes.

20 (5) "Most-favored-nation clause" means a contractual provision that:

21 (A) Prohibits, or grants a contracting health organization an option
22 to prohibit, a medical provider from contracting with another payer to
23 provide health care services at a lower rate than the payment or
24 reimbursement rate specified in the contract with the contracting
25 health organization;

26 (B) Requires, or grants a contracting health organization an option
27 to require, a medical provider to accept a lower payment or
28 reimbursement rate if the medical provider agrees to provide health
29 care services to any other payer at a lower rate;

30 (C) Requires, or grants a contracting health organization an option
31 to require, termination or renegotiation of an existing health care
32 contract if a medical provider agrees to provide health care services to
33 any other payer at a lower rate; or

34 (D) Requires a medical provider to disclose the medical provider's
35 contractual payment or reimbursement rates with other payers.

36 (b) No contract between a contracting health organization and a
37 medical provider or hospital shall contain a most-favored-nation
38 clause.

39 (c) The provisions of this section shall not apply to group
40 hospitalization and medical and surgical insurance plans, as set forth
41 in subsection (a) of section 5-259 of the general statutes, or any dental
42 plan offered in connection with, or in addition to, such group
43 hospitalization and medical and surgical insurance plan.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2010</i>	New section
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Statement of Purpose:

To prohibit the use of most-favored-nation clauses in contracts between insurers and medical providers or hospitals.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]